

“If you really think that the environment is less important than the economy, try holding your breath while you count your money.”



Future of globalisation

Are we looking at one world or several worlds?

IAN GOLDIN

Globalisation is the most progressive thing that can happen to humanity but also the most dangerous. It can transform us for the better but also kill us.

However, we can't stop the bad aspects of globalisation by being protectionist or nationalistic. No walls are high enough.

We need more consensus, integration, co-operation, collaboration and transformation; more of the “goods” and less of the “bads” of globalisation.

The question now is whether we enter a period in which there are sharper divisions between regions, with competing spheres of influence and commerce centred around North America and Europe, and in East Asia around China, or whether global commerce and politics remain highly integrated, defying attempts to fragment the world economy.

There is growing mutual interdependency arising from escalating risks, including pandemics and climate change, and we have to decide whether the shared interest in safeguarding livelihoods and our planet can overcome political differences.

Closer co-operation could offer the prospect of a better and safer world, while fragmentation is likely to result in rising risks, stalling economies and growing inequality which, in turn, fuels rising protectionism and nationalism, and a more unpredictable and dangerous trajectory.

Globalisation is a misunderstood term, for me it means flows across borders, not just people, but goods, services, ideas and digital flows. But flows of both good and bad, good like vaccines, bad like pandemics. It's the good, bad and ugly.

I've worked on globalisation for many years. There's a lot to be said.

Globalisation is not new — it comes in waves throughout history. But the speed and intensity of globalisation over the past 30 years make this an era-defining period when nothing is inevitable and there are many questions.

As is the case currently, previous waves of globalisation, including the Age of Discovery (from the mid-15th to the mid-16th century) and the mass migrations of Europeans to America, Africa and Australia in the 19th century (when up to a third of the populations of some countries migrated), were underpinned by technological advances including better ships, navigation equipment and the printing press which led to enhanced exchange of ideas and an explosion in creativity and renaissance. In both cases these periods were dismantled by geopolitics and war.

However, the scale, intensity and breadth of globalisation now are of a much higher order of magnitude than anything previously.

The fall of the Berlin wall and collapse of the Soviet Union profoundly changed geopolitics.

The Cold War was a brutal division of the world. The wall was not just physical — very little crossed the wall. You couldn't imagine globalisation in the Cold War.

The end of the Cold War heralded a growth in democracy. Countries that had autocratic governments faced democratic changes. South Africa was one.

The dramatic ripple effects transformed things and people across the world. Within five years, 55 countries had democratised.

There were increased aspirations for integration and convergence in world views on democracy, advocacy on human rights and adherence to free markets.

We wouldn't be here today if the

wall hadn't come down.

On the economic side, there was the opening up of China from the 1970s but accelerated in the 1990s, as well as the 1992 Maastricht Treaty which created the European Union. Twenty-seven countries removed border controls for goods, services, people and capital.

This had never been done before. The “Maastricht moment” created a big, integrated market economically, as well as for norms and standards, and human rights, freedom, environmental sustainability were all given extra weight on the global stage.

There was a realisation that together was better because countries could punch above their weight. There was a queue waiting to join. (Brexit and the departure of Britain from the EU is one of the follies of history.)

Similarly, the North American Free Trade Agreement in 1994 opened up trade between Canada, the U.S. and Mexico, and the Uruguay Round from 1995 created the World Trade Organisation and allowed enhanced trade, manufacture, services and IP protection between 123 countries.

The revolution of the Internet and the Worldwide Web from 1990 led to the exchange of ideas at an unprecedented pace and price.

Rapid economic growth led to reductions in poverty and increased literacy. China took 700 million people out of poverty with an average doubling of income every 10 years. By 2008, they were producing 50% of manufactured products globally.

UGLY INEQUALITY

But the euphoria of accelerated progress gave way to the reality of a world of greater inequality and unevenness.

Inequality has increased in every country at a faster rate in the past 30 years. Where you are matters

more than ever. If you are not on the accelerating train, you are left behind. Schooling, education, language and attitude all matter.

Some groups are more effective at capitalising on progress. There has also been an institutionalisation of power and inequality at government and global level.

There are three reasons for this, starting with global competition in taxation where wealthy individuals and companies escape the tax net through off-shoring, trusts and tax havens, causing governments to lose the ability to control income.

This started during the Thatcher/Reagan era when free markets were seen as good and state control bad, creating a competitive tax environment.

But it was highly exaggerated. Many countries with high tax rates do well.

Taxes allow for the creation of stable, productive, safe and more equal societies because governments can invest in infrastructure, education and health care, which are the bedrocks of development.

The transformation to knowledge-based societies further marginalised the poor and unskilled.

Transformation creates a skills-based technological exchange. Societies need more skills and if you can't skill the population, inequalities increase.

There are also mobility challenges and shortages of skilled people in knowledge-based urban areas but the less-skilled unemployed are usually in peripheral or rural areas.

Because of the housing market and public transport, people can't move or commute to where the opportunities are.

Metropolitan elites love globalisation, everyone else hates it. This translates into politics. Donald

Trump's supporters are mostly low-skilled and rural.

Most Londoners voted against Brexit while the unemployed and people in poorer places voted to leave.

Rising inequality translates into anger against the metropolitan elites, and lack of access to jobs leads to crime, substance abuse, depression and suicide.

All of which is hard to solve, but while I support targeted and means-based support to overcome poverty, I definitely wouldn't promote universal basic income, which pays people to stay at home creating the need for permanent social welfare.

BUTTERFLIES AND SHOCKS

As the world connects, more intense entanglement creates a butterfly defect.

The unprecedented speed of technological and innovation change has led to the accelerated creation of “goods” (for example a Covid-19 vaccine in nine months) but also “bads”.

The first shock was the 2008 financial crisis without which there would have been no Trump in the White House or Brexit in Britain. It caused loss of trust in financial systems.

Covid-19 was the second shock. Many, including me, predicted it. We will have another pandemic. But we can manage the next pandemic and financial crisis better with the right collaboration.

Looking at identity, does globalisation lead to homogenisation and loss of national identities?

Homogenisation has been overstated. In some cases increased communication has led to the revival of identities and languages.

It's also allowed discussion of multiple identities and strengthening of

identities like LGBTQ which would not have happened within some national contexts. It's created a more diverse playing field.

Brics' time has passed. It was created by political opportunism in search of meaning. It brought together countries with nothing in common. But it's hard to kill.

The AU is different. It has a role in facilitating African trade. Africa can't survive without closer economic integration. But it's still just an ambition.

Regarding addressing globalisation beyond the human impact, human progress and global growth have been to the mass detriment of animals, diversity and climate but you don't get out by de-globalisation or slowing growth.

We need to transform growth dramatically.

My hope is in raising consciousness. There are important debates to be had.

Globalisation needs management. No global institution currently is fit for purpose. We need to reform, recreate and transform to manage globalisation but we first have to admit that managing globalisation is essential.

Right now another Cold War is a real risk. Rising protectionism and nationalism is real.

It's a dangerous time. This would slow growth, and the poor who are victims of big-country ambitions would suffer more.

We need at least the U.S., Europe and China to agree to address the great risks we face — climate, pandemic and others.

A Cold War would mean giving up on managing the future collectively. This would have devastating consequences.

We need management by consensus not conflict.

WHAT IS STIAS?

Stias is the Stellenbosch Institute for Advanced Study, an autonomous research organisation hosted at the historic Mostertsdrift Estate. It was established by a decision of the Stellenbosch University Council in 1999 and registered in 2007 as a section 21 (not-for-profit) company with its own board of directors. See www.stias.ac.za



Stias fellow Ian Goldin (pictured) during a seminar on January 24.

Permanent Fellow Professor Goldin is a professor of globalisation and development at the University of Oxford and director of the Oxford Martin Programme on Technological and Economic Change.

From 2006 to 2016, he was the founding director of the Oxford Martin School.

From 2003 to 2006, he was vice president of the World Bank, and prior to that the bank's director of development policy.

From 1996 to 2001, he was chief executive and managing director of the Development Bank of Southern Africa and served as an adviser to president Nelson Mandela.

Goldin is a South African and permanent Stias fellow.

A hamlet in rural South Africa shows how technology can power sustainable development

SAURABH SINHA and MDUDUZI MBIZA

It's difficult to imagine that the sustainable development goals (SDGs) and the fourth industrial revolution can be part of the same conversation.

But, as a briefing paper by the World Economic Forum in collaboration with PricewaterhouseCoopers (PwC) points out: Over 70% of the 136 SDG targets could be enabled by technology applications already in deployment.

To be achieved, both ideas, sustainable development and the fourth industrial revolution, require innovative thinking and a change of attitude.

The fourth industrial revolution is defined by many as a period of rapid evolution caused by digitalisation, globalisation and technological innovation. It has been happening over the past decade and people are finally starting to take notice because of its massive global impact.

The United Nations' development goals present an ambitious roadmap for a sustainable future for everyone on the planet. Some of the 17 goals include ending extreme poverty, ensuring free and quality education, and providing equal and universal access to safe drinking water by 2030.

We argue that achieving the development goals will require a fundamental rethink of how people produce and consume goods and services. We argue that bringing together education, the fourth indus-

trial revolution, innovative thinking, strategic resourcing and partnerships increases the prospects of doing this.

To illustrate our argument we have used the example of a small hamlet in Limpopo Province. The changes that have been introduced in the area over the past 10 years are remarkable.

In particular they speak to achieving the goals of building resilient infrastructure which includes not only access to electricity but also increasing access to information and communications technology.

THE CONTEXT

We argue that advancing sustainable development goals through the fourth industrial revolution starts by prioritising two goals in particular: SDG17 (which is about partnerships) and SDG9 (industry, innovation and infrastructure).

Goal 17 aims to strengthen the means of implementation and revitalise global partnerships for sustainable development. It has five components: finance, capacity building, systemic issues, technology and trade.

But cross-sector and cross-country collaboration is key. And individuals, non-profit organisations, governments, higher education, and the business sector need to use their resources to jointly solve these global societal challenges and achieve shared goals.

Partnerships must be built on principles and values while placing people at the forefront, especially those



Nono, an elderly farmer, inspects maize that is drying in a rural area of the Eastern Cape. The sustainable development goals are far from being realised in rural South Africa. PHOTO: AFP

in developing countries.

Goal 9 seeks to build resilient infrastructure. It also seeks to promote inclusive and sustainable industrialisation and foster innovation. It's made up of three important aspects: infrastructure, industrialisation and innovation.

Infrastructure provides the basic physical systems. Industrialisation drives economic growth and creates job opportunities. Innovation advances technological capabilities and prompts the development of new skills.

Increased access to information and communications technology

is an important part of the picture. Universal and affordable Internet is therefore key.

Access to reliable Internet and infrastructure such as electrical power are some of the first and most important components towards realising technologies powered by the fourth industrial revolution.

FIRST SMART RURAL VILLAGE

One real-life example is South Africa's first smart rural village: Gwakwani. Populated by about 70 to 100 villagers, Gwakwani is in the northern part of Limpopo Province.

A decade ago, Gwakwani had no

running water or electricity. Internet access was non-existent.

In 2014, the University of Johannesburg's School of Electrical Engineering started working with the village chief and local council. The goal was to introduce critical improvements to the village.

- Diesel borehole pumps were replaced with solar borehole pumps.
- A network of taps and tanks was installed.
- Solar lights were installed in villagers' homes and solar streetlights were installed.
- A solar bakery was built where bread and other baked goods are

made and sold.

- Large cold storage units were installed.
- A solar-powered crèche was built for the village's youngest residents.

Sensors have been put in place all over the village, and data is fed back to a system that can be monitored from the university. This contributes to engineering education.

This remote monitoring system is made possible through the “Internet of Things” network connection that the university developed in partnership with global communications provider Sigfox.

The Internet of Things allows data collection and exchange between devices and systems. It can include interactions between humans and machines. This data exchange uses identification, data capture and communications technologies.

The Internet of Things is expected to have a significant impact on the economy and society, with estimates of up to \$11.1 trillion per year in economic value by 2025.

We can observe a few things here.

A transdisciplinary partnership between the University of Johannesburg's School of Electrical Engineering, the village chief, and the local council was established.

A cross-sector partnership between the university, Schneider Electric and Sigfox was also established. Fourth industrial revolution technology was then installed in an area that previously had no access to any form of technology.

The population of Gwakwani is only about 100 people. Imagine what would happen if many other villages like Gwakwani were given the same technological resources to help them improve their lives.

FUTURE BENEFITS

The work co-created in Gwakwani shows that by bringing together education, the fourth industrial revolution, innovative thinking, strategic resourcing and partnerships, the prospect of achieving the development goals will improve.

Achieving them will have a positive ripple effect on all aspects of society. This is because they provide an opportunity to address the root causes of many development challenges faced by Africa.

The continent is home to many of the world's poorest and most vulnerable people, and achieving the SDGs would go a long way in improving their lives.

It would also help to ensure that Africa's natural resources are sustainably managed, and that the continent's wildlife and ecosystems are protected.

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